

**Affidavit for Frank Watts, Owner of Frank's UseFul Computers and Procurement.**

My name is Frank Watts. I am a resident of Greenville County, SC. I have over 20 years experience in the computer industry, and for the last several years I have run my own computer business.

RECEIVED  
USDC CLERK, GREENVILLE, SC  
2006 JUN 21 A 10:40

Several years ago my income was primarily derived from sales of items on eBay. I have sold over 4,000 items on eBay. In the last few years I've built up the consulting part of my business and as a result I have less time available to sell items on eBay. So that I might continue to profit from the eBay business, I entered into a consignment arrangement with Phillip Smith.

Phillip was the person who originally introduced me to eBay, and through his guidance I learned to make a living selling used computer equipment on eBay. I know that he has sold thousands of items on eBay and I trusted his judgement concerning the selling of items on eBay. I relied on this trust that I had built up in him in order to enter into this consignment agreement.

My business model is that I purchase a "lot" of used computer equipment from businesses when they upgrade their systems. These lots can be of varying size, sometimes just a pickup load or two, and sometimes large enough to fill a 24' truck. In these 'lots' there are usually some relatively valuable items, and many items that are totally worthless, and some items of intermediate value. I use my skill and expertise in the computer field along with my experience selling used computer equipment to determine the way to maximize the profit from any given 'lot' of equipment.

I sell some of the equipment to end-users, some to resellers, and some of the equipment is disposed of or recycled. When I sell an item to an end-user, I typically sell it for a higher price than if I sold it to a reseller. For instance, if I had an item that I would sell to an end user for \$150, I would sell it to a reseller for maybe \$100. The reduced price represents a "volume discount" to the reseller that I sold it to, as well I typically would not have to provide any further information to the reseller, but if I sold it to an end-user, that user might contact me several times with questions about the item. Hereafter I will refer to those types of sales as "wholesale" and "retail" as those concepts mostly apply here, even though some of these sales might not meet the legal definition of wholesale or retail.

In a typical 'lot' of equipment, 5% - 10% of the equipment will represent 90% of the profit that I will make on that 'lot'. The equipment in question in this matter came from several 'lots' of equipment, and in each case it represents the part of those lots that I felt would be the most profitable. A typical item in this equipment was a "server". A server is a computer built to extra heavy-duty specifications. They are designed to operate much more reliably than a standard computer and to be accessed by many users simultaneously. Because of their high performance and reliability, servers are much more expensive than a regular computer. The typical used server that I receive initially cost \$10,000 - \$30,000 when new. When I receive them used they typically have a value to an end user between \$200 - \$2000 depending on the age, condition, configuration, scarcity, etc.

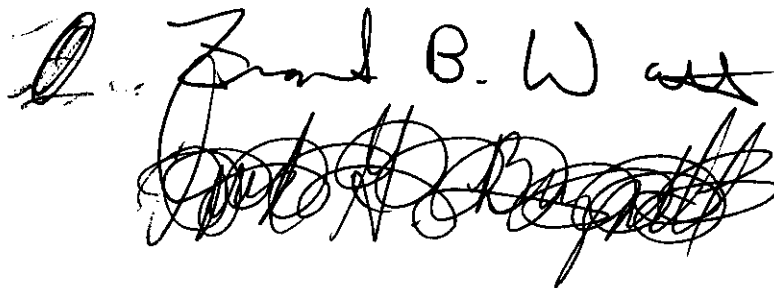
I knew what I had. Based on figures from the inventory that Phillip provided me, the estimated value of the items involved have an estimated wholesale or eBay price of \$22,000 - \$28,000. They had an estimated retail value of \$32,000 - \$38,000.

The problems that Phillip has encountered with Bidzirk has caused substantial problems for me as well:

- 1) I have not received my share of consignment income from Phillip that should have come to him from Bidzirk
- 2) When I entered into my consignment agreement with Phillip I left it up to him how he would choose to sell those items. He chose to sell them through Bidzirk, and obviously in hindsight that was not a good choice.
- 3) Because I have not received the expected income from my consignment arrangement with Phillip, my buying and selling of used computer equipment is no longer profitable for me. I had expected to derive substantial income from this arrangement. Because of this unprofitability, I have decided to exit from the business of selling used computer equipment.
- 4) Because Phillip made the decision to go with Bidzirk and it has turned out to be a bad decision, I no longer have the confidence in Phillip's business acumen that I once had. I feel that Bidzirk's actions have damaged Phillip's business reputation.

I have observed that this conflict with Bidzirk has been a substantial drain of time and resources on Phillip. Further, I feel that this conflict has negatively impacted my personal friendship with Phillip.

Frank Watts

A handwritten signature in black ink, appearing to read "Frank B. Watts". The signature is written in a cursive, somewhat stylized script. Below the name, there are several overlapping, scribbled-out lines of ink, possibly indicating a correction or a second signature.